

The Honorable Sander M. Levin, Ranking Member

The Honorable Pete Stark, Ranking Member, Subcommittee on Health

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## **Health Reform Adds Years to Medicare's Solvency**

*Medicare Trustees Report Shows Drop in Solvency Due to Impact of Sluggish Economic Recovery*

WASHINGTON – Ways and Means Ranking Member Sander Levin (D-MI) and Health Subcommittee Ranking Member Pete Stark (D-CA) today responded to the release of the 2011 Medicare Trustees Report, which makes clear the positive impact of the Affordable Care Act on Medicare's solvency.

Without the Affordable Care Act, Medicare's insolvency date would be just around the corner, in 2016 – five years from now. While the 2011 Medicare Trustees' Report determined that Medicare's date of projected insolvency slipped to 2024 from the 2010 projection, the primary driver is the impact of revenues and expenditures caused by a weaker-than-expected economic recovery.

**Ranking Member Stark:** "Today's Trustees' report spotlights how the Medicare reforms in the

Affordable Care Act are a boon to the program's strength and solvency. To protect the health of Americans of all ages, we must defeat Republican attempts to end Medicare and gut health reform."

**Ranking Member Levin:** "This report makes clear just how vital health care reform is to the life of Medicare, yet Republicans continue to pursue a one-two punch against the program through their plans to turn Medicare into a voucher program and their efforts to repeal the Affordable Care Act. The deep recession has set back the solvency of Medicare and we will fight, at every step, Republican efforts to use that as justification to gut a program vital to the lives of so many Americans."

**FACT: The Affordable Care Act Extended Solvency**

Without the Affordable Care Act, Medicare's solvency would be far worse. Were it not for the new law, [Medicare would become insolvent in 2016](#). The ACA strengthened the program's fiscal future, a point highlighted in the 2011 Trustees Report.

"The Financial outlook for the Medicare program is substantially improved as a result of the changes in the Affordable Care Act." (2011 Trustees report, p. 6)

"The possibility also exists that health care in the U.S. can be transformed, in both the way that it is delivered and the manner in which it is financed. The Affordable Care Act takes important steps in this direction by initiating programs of research into innovative payment and service delivery models, such as accountable care organizations, patient-centered "medical homes," improvement in care coordination for individuals with multiple chronic health conditions, improvement in coordination of post-acute care, payment bundling, "pay for performance," and assistance for individuals in making informed health choices." (2011 Trustees Report, p. 41)

**FACT: Slower than Expected Economic Recovery Hurt Medicare Solvency**

The slower than expected economic recovery results in a shortening of Medicare's solvency, to 2024, down by five years from last year's projection of 2029. Since the Medicare Trust Fund is financed by payroll taxes, lower incomes and reduced employment means less money into the Medicare Trust Fund. The effect on payroll receipts and expenditures caused by the slower than expected economic recovery results in this shortened solvency date.

"The estimated date of exhaustion is about five years earlier, due to higher real HI expenditures together with lower real payroll tax revenues" (2011 Trustees Report, p. 24)

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**BOTTOM LINE: American's Aren't Buying the Republican Plan to End Medicare**

A May 4th Quinnipiac University poll found that 60 percent of Americans want Medicare to “remain as it is today, as a defined set of benefits for seniors.” That includes 57 percent of Independents, 75 percent of Democrats and 46 percent of Republicans. Americans reject the Republican plan that ends the program’s guaranteed benefit, [doubles annual costs](#) (from roughly \$6,200 to \$12,500) for beneficiaries by 2022, and cuts

[\\$20 trillion](#)

from federal spending by 2050 for needed medical services for senior citizens and people with disabilities.

[Click here](#) for a table of solvency findings from past Trustees Reports.

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